

**CITY OF REDFIELD**

Redfield, Iowa

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS**

June 30, 2015

**CITY OF REDFIELD**  
Contents

	<u>Pages</u>
City Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-9
Basic Financial Statements:	
Cash Basis Statement of Activities and Net Position	10-11
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Governmental Funds	12-13
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Proprietary Funds	14
Notes to the Financial Statements	15-24
Other Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Cash Balances – Budget and Actual (Cash Basis) All Governmental Funds and Proprietary Funds	25-26
Notes to Other Information – Budgetary Reporting	27
Schedule of the City's Proportionate Share of the Net Pension Liability	28
Schedule of City Contributions	29 - 30
Notes to Other Information – Pension Liability	31
Supplementary Information:	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Governmental Funds	32-33
Schedule of Long-Term Debt and Interest	34-35
Bond Maturities	36-37
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	38-39
Schedule of Findings	40-43

**CITY OF REDFIELD**

City Officials  
June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Darci Alt*	Mayor	December 31, 2017
Pam Danielson	Mayor Pro Tem	December 31, 2017
Darrell Bowman	Council Member	December 31, 2015
Heather Godwin-Pote	Council Member	December 31, 2017
Jon Hoy	Council Member	December 31, 2015
Dustin Lantz	Council Member	December 31, 2015
Debbra Light	City Clerk	Indefinite
Laurie Stewart	City Attorney	Indefinite

\* Darci Alt resigned on March 3, 2015 and Dustin Lantz was appointed mayor.  
Amy DeeZeeuw appointed to council on May 5, 2015.

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Redfield, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Redfield, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Redfield, Iowa as of June 30, 2015, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

#### Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

#### Emphasis of Matter

As disclosed in Note 4 to the financial statements, the City of Redfield adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

#### Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Redfield's basic financial statements. The supplementary information included on pages 32 through 37 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis, the budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 4 through 9 and 25 through 31 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2016 on our consideration of the City of Redfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Redfield's internal control over financial reporting and compliance.

*Schuring, Uitermarkt,  
Sims, McCleish, Ver Meer, P.C.*

Schuring, Uitermarkt, Sims, McCleish, Ver Meer, P.C.  
Urbandale, Iowa  
March 31, 2016

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

The City of Redfield provides this Management’s Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the City’s financial statements, which follow.

### **2015 Financial Highlights**

Total cash basis net position of the City of Redfield at the close of the fiscal year, June 30, 2015, was \$612,875. Of this amount, the assets of the governmental activities were \$227,781 and the assets of the business-type activities were \$385,094.

Receipts of the City’s governmental activities totaled \$703,921. Property taxes were \$335,846, and intergovernmental receipts totaled \$181,145.

Total disbursements for governmental activities were \$822,450 for the year, public safety disbursements totaled \$130,043, public works \$279,645, community and economic development was \$39,132, culture & recreation was \$92,375 and capital projects totaled \$60,863.

### **Using this annual report**

The annual report consists of a series of financial statements and other information as follows:

Management’s Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City’s financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City’s finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City’s operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the non-major governmental funds and the City's long-term debt.

### **Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statement**

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

**Governmental Activities** include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

**Business Type Activities** include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

## **Fund Financial Statements**

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Local Option Sales Tax, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the Water and Sewer Funds, considered to be major funds of the City.

The required financial statements for proprietary funds includes a Statement of Cash Receipts, Disbursements, and Changes in Cash Balances.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of financial position. The following shows the cash balances for governmental activities for fiscal 2015 and 2014.

<b>CHANGES IN CASH BASIS NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		
	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>
Receipts:		
Program receipts:		
Charge for services	\$ 67,510	63,630
Licenses & permits	1,309	1,739
Use of money and property	846	764
Intergovernmental	181,145	191,950
Miscellaneous	18,752	20,632
Transfers	0	51,995
General receipts:		
Taxes	335,846	292,855
TIF Revenue	0	664
Other city taxes	<u>98,513</u>	<u>94,151</u>



<b>Total receipts</b>	<u>703,921</u>	<u>718,380</u>
Disbursements:		
Public safety	130,043	74,854
Public works	279,645	184,405
Culture & recreation	92,375	95,888
Community & economic development	39,132	62,479
General government	100,791	91,160
Debt service	119,601	119,951
Capital projects	<u>60,863</u>	<u>64,828</u>
<b>Total disbursements</b>	<u>822,450</u>	<u>693,565</u>
Excess (Deficit) of Receipts		
Over (Under) Disbursements	(118,529)	24,815
Proceeds of Long Term Debt	29,954	0
Cash balances – beginning of year	<u>316,356</u>	<u>291,541</u>
Cash balances – end of year	<u>\$ 227,781</u>	<u>316,356</u>

---

**CHANGES IN CASH BASIS NET POSITION OF BUSINESS TYPE  
ACTIVITIES**

---

	Year Ended <u>June 30, 2015</u>	Year Ended <u>June 30, 2014</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 304,965	305,325
Sewer	139,142	135,031
Misc.	<u>2,835</u>	<u>240</u>
Total	<u>446,942</u>	<u>440,596</u>
Total disbursements	<u>413,988</u>	<u>438,609</u>
Operating transfers out	<u>0</u>	<u>(51,995)</u>
Increase (decrease) in cash balances	32,954	(50,008)
Cash balances at beginning of year	<u>352,140</u>	<u>402,148</u>
Cash balances at end of year	<u>\$ 385,094</u>	<u>352,140</u>

**INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Redfield completed the year, its governmental funds reported receipts of \$703,921 and disbursements of \$822,450, a deficit of \$118,529. The General Fund showed receipts of \$316,060 and disbursements of \$345,405 for a deficit of \$29,345, leaving a fund balance of \$68,397. The Road Use Tax Fund had receipts of \$86,825 and disbursements of \$73,071 for an excess of \$13,754. The Debt Service Fund had receipts of \$90,035 and

disbursements of \$119,601, leaving a deficit of \$29,566. The Local Option Sales Tax fund had receipts of \$97,529 and disbursements of \$136,905 leaving a deficit of \$39,376. The Capital Projects Fund had receipts of \$1,100 and disbursements of \$60,683 leaving a deficit of \$59,763.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

The Water Fund reported \$304,965 in charges for services and misc. income of \$2,775. Disbursements totaled \$317,237, resulting in a deficit of \$9,497. The Sewer Fund reported \$139,142 in charges for service, \$60 in other income and disbursements of \$96,751, with an excess of \$42,451. Total cash balances at year end was \$385,094.

## **BUDGETARY HIGHLIGHTS**

The City amended its budget on May 26, 2015, to provide for additional disbursements in certain City departments. The City of Redfield received loan funds for the purchase of a new vehicle for the EMS, additional Road Use Tax funds, LOST and Housing Grant funds. Increased expenses were due to purchase of EMS vehicle, new LED lighting purchased for city buildings, street projects, new parking lot, maintenance, legal fees, audit, and insurance costs.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City of Redfield's elected and appointed officials and citizens considered many factors when setting the fiscal year 2016 budget, tax rates, and fees that will be charged for various City activities.

### **Debt Outstanding**

#### **Outstanding Debt at Year End**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Governmental:		
General Obligation	\$ 989,269	1,070,931
Business-type:		
Revenue Debt	1,482,040	1,546,000
Landfill Closure	<u>34,108</u>	<u>37,207</u>
Total	<u>\$2,505,377</u>	<u>2,654,138</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$1,023,377 is below the constitutional debt limit of \$1,600,053.

## **Tax Rebates**

The City of Redfield approved a three-year tax rebate to Heartland Co-Op on December 7, 2010. This property is located within the Urban Renewal Area. The rebate is for 100% of the increase in property taxes due to the increase in valuation of the property. The final tax rebate was paid on June 24, 2015.

2014/15	2013/14
<u>Rebate</u>	<u>Rebate</u>
\$ 3,292	3,505

The City of Redfield approved a tax rebate to Smith Real Estate Company, L.L.C., on January 8, 2013, as this property is located within the Urban Renewal Area. This tax rebate will be for a period of 10 years at 100% of the increase in property taxes due to the increase in valuation created by the improvements made on the property.

2014/15
<u>Rebate</u>
\$ 806

## **FINANCIAL CONTACT**

The City's financial statements are designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Deb Light, City Clerk at 808 First Street, PO Box 127, Redfield, IA 50233 or by phone at 515-833-2512.

**CITY OF REDFIELD**

Cash Basis Statement of Activities and Net Position  
As of and For the Year Ended June 30, 2015

Function / Programs:	<u>Disbursements</u>	<u>Program Receipts</u>	
		<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>
Governmental activities:			
Public safety	\$ 130,043	0	30,636
Public works	279,645	67,200	90,445
Culture and recreation	92,375	310	17,960
Community and economic development	39,132	175	45,430
General government	100,791	0	0
Debt service	119,601	0	0
Capital projects	60,863	0	0
Total Governmental Activities	<u>822,450</u>	<u>67,685</u>	<u>184,471</u>
Business type activities:			
Water	317,237	307,640	100
Sewer	96,751	139,142	60
Total Business Type Activities	<u>413,988</u>	<u>446,782</u>	<u>160</u>
Total	<u>\$ 1,236,438</u>	<u>514,467</u>	<u>184,631</u>

General Receipts:

Property tax levied for:  
    General purposes  
    Debt service  
Local option sales tax  
Unrestricted interest on investments  
Proceeds of long-term debt  
Miscellaneous

Total General Receipts

Change in Cash Basis Net Position

Cash Basis Net Position at Beginning of Year

Cash Basis Net Position at End of Year

Cash Basis Net Position:

Restricted:  
    Nonexpendable - Permanent Fund  
Expendable:  
    Streets  
    Debt service  
    Other  
Unrestricted

Total Cash Basis Net Position

The accompanying notes are an integral part of these financial statements.  
See independent auditor's report.

**CITY OF REDFIELD**

Cash Basis Statement of Activities and Net Position  
As of and For the Year Ended June 30, 2015

Capital Grants, Contributions, and Restricted <u>Interest</u>	Net Disbursements(Receipts) and <u>Changes in Cash Basis Net Position</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
0	99,407	0	99,407
0	122,000	0	122,000
0	74,105	0	74,105
0	(6,473)	0	(6,473)
0	100,791	0	100,791
0	119,601	0	119,601
0	60,863	0	60,863
<u>0</u>	<u>570,294</u>	<u>0</u>	<u>570,294</u>
0	0	9,497	9,497
0	0	(42,451)	(42,451)
<u>0</u>	<u>0</u>	<u>(32,954)</u>	<u>(32,954)</u>
<u>0</u>	<u>570,294</u>	<u>(32,954)</u>	<u>537,340</u>
	245,811	0	245,811
	90,035	0	90,035
	97,529	0	97,529
	783	0	783
	29,954	0	29,954
	17,607	0	17,607
	<u>481,719</u>	<u>0</u>	<u>481,719</u>
	(88,575)	32,954	(55,621)
	316,356	352,140	668,496
	<u>\$ 227,781</u>	<u>385,094</u>	<u>612,875</u>
\$ 46,711	0	0	46,711
105,458	0	0	105,458
0	37,580	0	37,580
156,989	0	0	156,989
(81,377)	347,514	0	266,137
<u>\$ 227,781</u>	<u>385,094</u>	<u>0</u>	<u>612,875</u>

**CITY OF REDFIELD**  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances - Governmental Funds  
As of and For the Year Ended June 30, 2015

		Special Revenue		
	<u>General</u>	Road Use <u>Tax</u>	Local Option <u>Sales Tax</u>	<u>Capital Projects</u>
Receipts:				
Property tax	\$ 182,195	0	0	0
Other city taxes	984	0	97,529	0
Licenses and permits	1,309	0	0	0
Use of money and property	782	0	0	0
Intergovernmental	48,890	86,825	0	0
Charges for services	67,510	0	0	0
Miscellaneous	14,390	0	0	1,100
Total Receipts	<u>316,060</u>	<u>86,825</u>	<u>97,529</u>	<u>1,100</u>
Disbursements:				
Operating:				
Public safety	67,571	0	0	0
Public works	53,293	73,071	136,905	0
Culture and recreation	77,822	0	0	0
Community and economic development	4,430	0	0	0
General government	86,500	0	0	0
Debt service	0	0	0	0
Capital projects	0	0	0	60,863
Capital Outlay:				
Public safety	55,789	0	0	0
Total Disbursements	<u>345,405</u>	<u>73,071</u>	<u>136,905</u>	<u>60,863</u>
Excess (Deficit) of Receipts over (under) Disbursements	<u>(29,345)</u>	<u>13,754</u>	<u>(39,376)</u>	<u>(59,763)</u>
Other Financing Sources (Uses):				
Proceeds of long-term debt	29,954	0	0	0
Operating transfers in (out)	5,766	0	0	0
	<u>35,720</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Cash Balances	6,375	13,754	(39,376)	(59,763)
Cash Balances at Beginning of Year	62,022	91,704	180,875	(68,085)
Cash Balances at End of Year	<u>\$ 68,397</u>	<u>105,458</u>	<u>141,499</u>	<u>(127,848)</u>
Cash Basis Fund Balances:				
Nonspendable - Permanent Fund	\$ 0	0	0	0
Restricted for:				
Streets	0	105,458	0	0
Other purposes	0	0	141,499	0
Unassigned	68,397	0	0	(127,848)
Total Cash Basis Fund Balances	<u>\$ 68,397</u>	<u>105,458</u>	<u>141,499</u>	<u>(127,848)</u>

The accompanying notes are in integral part of these financial statements.  
See independent auditor's report.

**CITY OF REDFIELD**  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances - Governmental Funds  
As of and For the Year Ended June 30, 2015

<u>Debt Service</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total</u>
90,035	63,616	335,846
0	0	98,513
0	0	1,309
0	64	846
0	45,430	181,145
0	0	67,510
0	3,262	18,752
<u>90,035</u>	<u>112,372</u>	<u>703,921</u>
0	6,683	74,254
0	16,376	279,645
0	14,553	92,375
0	34,702	39,132
0	14,291	100,791
119,601	0	119,601
0	0	60,863
0	0	55,789
<u>119,601</u>	<u>86,605</u>	<u>822,450</u>
<u>(29,566)</u>	<u>25,767</u>	<u>(118,529)</u>
0	0	29,954
0	(5,766)	0
0	(5,766)	29,954
(29,566)	20,001	(88,575)
21,547	28,293	316,356
<u>(8,019)</u>	<u>48,294</u>	<u>227,781</u>
0	46,711	46,711
0	0	105,458
0	15,490	156,989
(8,019)	(13,907)	(81,377)
<u>(8,019)</u>	<u>48,294</u>	<u>227,781</u>

**CITY OF REDFIELD**  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances - Proprietary Funds  
As of and For the Year Ended June 30, 2015

	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Receipts:			
Charges for services	\$ 304,965	139,142	444,107
Miscellaneous	2,675	0	2,675
Total Operating Receipts	<u>307,640</u>	<u>139,142</u>	<u>446,782</u>
Operating Disbursements:			
Business type activities	184,534	96,751	281,285
Total Disbursements	<u>184,534</u>	<u>96,751</u>	<u>281,285</u>
Excess of Operating Receipts over Disbursements	<u>123,106</u>	<u>42,391</u>	<u>165,497</u>
Non-Operating Receipts (Disbursements):			
Use of money and property	100	60	160
Debt service	<u>(132,703)</u>	<u>0</u>	<u>(132,703)</u>
Total Non-Operating Receipts (Disbursements)	<u>(132,603)</u>	<u>60</u>	<u>(132,543)</u>
Net Change in Cash Balances	(9,497)	42,451	32,954
Cash Balances at Beginning of Year	162,493	189,647	352,140
Cash Balances at End of Year	<u><u>\$ 152,996</u></u>	<u><u>232,098</u></u>	<u><u>385,094</u></u>
Cash Basis Fund Balances:			
Restricted for debt service	\$ 37,580	0	37,580
Unrestricted	115,416	232,098	347,514
Total Cash Basis Fund Balances	<u><u>\$ 152,996</u></u>	<u><u>232,098</u></u>	<u><u>385,094</u></u>

The accompanying notes are an integral part of these financial statements.  
See independent auditor's report.



**CITY OF REDFIELD**  
Notes to the Financial Statements  
June 30, 2015

(1) Summary of Significant Accounting Policies

The City of Redfield is a political subdivision of the State of Iowa located in Dallas County. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to its citizens, including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides water, sewer and garbage collection for its citizens.

Reporting Entity

For financial reporting purposes, the City of Redfield has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City of Redfield has no component units which meet the Governmental Accounting Standards Board criteria.

The City also participates in jointly governed organizations that provide goods or services to the citizens of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the Dallas County Zoning Board and the Dallas County E911 Service Board.

Basis of Presentation

Government-wide Financial Statements

The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balances to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash balances that do not meet the definition of the preceding categories. Unrestricted net position often has constraints on cash balances imposed by management, which can be removed or modified.

See independent auditor's report.

**CITY OF REDFIELD**  
Notes to the Financial Statements  
June 30, 2015

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Local Option Sales Tax Fund is used to account for the collection and disbursement of local option sales tax. This fund is to be used for economic development or other general purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for all resources used for the acquisition or construction of capital facilities.

Debt Service Fund – The Debt Service Fund is used to account for the payment of principal and interest on the City's general long-term debt.

The City reports the following major proprietary funds:

Water Fund – The Water Fund accounts for the operation and maintenance of the City's water system.

Sewer Fund – The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

Measurement Focus and Basis of Accounting

The City of Redfield maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statements do not present financial position or results of operations of the funds in accordance with U.S. generally accepted accounting principles.

See independent auditor's report.

**CITY OF REDFIELD**  
Notes to the Financial Statements  
June 30, 2015

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by grantors, creditors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

(2) Pooled Deposits and Investments

The City's deposits at June 30, 2015 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Funds that have deficit cash in bank balances are considered to have borrowed cash from other funds.

The City is authorized, by its investment policy, to invest public funds only in certificates of deposit or other evidences of deposit at federally insured depository institutions within the State of Iowa.

Interest Rate Risk – The City follows a policy of investing in instruments with a maturity of one year.

See independent auditor's report.

**CITY OF REDFIELD**  
Notes to the Financial Statements  
June 30, 2015

(3) Long-Term Debt

A summary of the City's June 30, 2015 general obligation, landfill closure and postclosure costs and revenue bonds is as follows:

Year Ending June 30,	Interest Rates	General Obligation Bonds and Notes		Landfill Closure and Postclosure Costs	Water Revenue Bonds		Total
		Principal	Interest		Principal	Interest	
2016	.08 - 4.50%	\$ 109,276	21,778	3,099	67,000	44,460	245,613
2017	1.25 - 4.50	99,150	20,396	3,099	69,000	42,450	234,095
2018	1.25 - 4.50	99,986	18,621	3,099	71,000	40,380	233,086
2019	1.65 - 4.50	100,857	16,816	3,099	73,000	38,250	232,022
2020	1.65 - 3.00	75,000	14,773	3,099	76,000	36,060	204,932
		<u>484,269</u>	<u>92,384</u>	<u>15,495</u>	<u>356,000</u>	<u>201,600</u>	<u>1,149,748</u>
2021-2025	2.05 - 3.00	260,000	52,777	15,495	417,000	144,690	889,962
2026-2030	3.00	170,000	26,850	3,118	490,000	77,850	767,818
2031-2032	3.00	75,000	3,450	0	219,000	9,900	307,350
		<u>\$ 989,269</u>	<u>175,461</u>	<u>34,108</u>	<u>1,482,000</u>	<u>434,040</u>	<u>3,114,878</u>

Interest paid on General Obligation Bonds and Notes amounted to \$22,735 and interest paid on Revenue Bonds amounted to \$46,380 for the year ended June 30, 2015. The entire amount of \$69,115 was expensed.

Assets restricted for the payment of the bonds at June 30, 2015 are as follows:

Water Revenue Bond	<u>\$37,580</u>
--------------------	-----------------

The Water Revenue Bonds provide for annual transfers to the Water Sinking Fund from the Water Revenue Fund sufficient to cover the annual principal and interest payments on the Water Revenue Bonds. Minimum annual sinking fund requirements are as follows:

Year Ending June 30,	Water
2016	\$ 111,460
2017	111,450
2018	111,380
2019	111,250
2020	<u>112,060</u>
	557,600
2021-2032	<u>1,358,440</u>
	<u>\$ 1,916,040</u>

During the year ended June 30, 1997, the City of Redfield, along with seven other defendants, reached an agreement on the closure/post-closure costs relating to the operation of the South Dallas County Landfill Agency.

See independent auditor's report.

**CITY OF REDFIELD**  
Notes to the Financial Statements  
June 30, 2015

Future payments by the City of Redfield are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2016	\$ 3,099
2017	3,099
2018	3,099
2019	3,099
2020	3,099
	<hr/> 15,495
2021-2026	18,613
	<hr/> <u>\$ 34,108</u>

(4) Pension Plan

Plan Description

IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

See independent auditor's report.

**CITY OF REDFIELD**  
Notes to the Financial Statements  
June 30, 2015

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were \$14,301.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$94,197. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was .0023752 percent, which was an increase of 0.0001236 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$7,050, \$5,181 and \$35,924 respectively.

See independent auditor's report.

**CITY OF REDFIELD**  
Notes to the Financial Statements  
June 30, 2015

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
	100%	

See independent auditor's report.

**CITY OF REDFIELD**  
Notes to the Financial Statements  
June 30, 2015

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher ( 8.5 percent) than the current rate.

	1% Decrease <u>6.50%</u>	Discount Rate <u>7.50%</u>	1% Increase <u>8.50%</u>
City's proportionate share of the net pension liability	\$ 177,983	\$ 94,197	\$ 23,473

Pension Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

(5) General Long-Term Debt Account Group

Changes in the general long-term debt account group during the year ended June 30, 2015 are summarized as follows:

	General Obligation Capital Loan <u>Notes</u>	Landfill Closure and Postclosure <u>Costs</u>	<u>Total</u>
Balance at beginning of year	\$ 1,070,931	37,207	1,108,138
New debt issued	29,964	0	29,964
Principal payments during year	(111,626)	(3,099)	(114,725)
Balance at end of year	<u>\$ 989,269</u>	<u>34,108</u>	<u>1,023,377</u>

(6) Risk Management

The City of Redfield is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

See independent auditor's report.



**CITY OF REDFIELD**  
Notes to the Financial Statements  
June 30, 2015

(7) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. City employees also accumulate a limited amount of earned but unused sick leave hours for subsequent use. Sick leave is payable when used. It is not paid upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for unrecognized accrued employee benefits is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 5,862
Sick leave	9,713
	<u>\$ 15,575</u>

The liability has been computed based on rates of pay as of June 30, 2015.

(8) Property Tax Calendar

Property taxes are collected and remitted to the City by the county government. Taxes are levied annually on July 1 based on an assessment as of January 1. Taxes are due one-half on September 30 in the year following the levy and one-half on the subsequent March 31. The lien date is July 1. Current and delinquent tax payments are recognized as receipts by the City when received.

(9) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the function level. During the year ended June 30, 2015, disbursements in the debt service function exceeded the amounts budgeted.

(10) Interfund Transfers

The detail of interfund transfers during the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General Fund	Permanent Fund	<u>\$ 5,766</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(11) Deficit Fund Balances

The Employee Benefits Fund had a deficit fund balance of \$3,130 at June 30, 2015 as a result of disbursements exceeding receipts during the years ended June 30, 2014 and 2012. The deficit will be eliminated through future property tax collections.

The TIF Fund had a deficit fund balance of \$7,603 at June 30, 2015 as a result of disbursements exceeding receipts during the years ended June 30, 2015 and 2014. The deficit will be eliminated through future TIF collections.

The Housing Rehab Fund had a deficit fund balance of \$3,174 at June 30, 2015 as a result of disbursements exceeding receipts during the years ended June 30, 2014, 2012 and 2011. This deficit will be eliminated through the future receipt of grant funds.

See independent auditor's report.

**CITY OF REDFIELD**  
Notes to the Financial Statements  
June 30, 2015

The Capital Projects Fund had a deficit fund balance of \$127,848 at June 30, 2015 as a result of disbursements exceeding receipts during the years ended June 30, 2015, 2014 and 2012. The deficit will be eliminated through future transfers to the Capital Projects Fund.

The Debt Service Fund had a deficit fund balance of \$8,019 at June 30, 2015 as a result of disbursements exceeding receipts during the year ended June 30, 2015. The deficit will be eliminated through future property tax collections.

(12) Commitment

The City has a commitment to purchase a fire truck for a total price of \$240,559. At June 30, 2015, the City had paid \$15,000 toward the purchase price.

See independent auditor's report.

**CITY OF REDFIELD**

Budgetary Comparison Schedule of Receipts, Disbursements  
and Changes in Cash Balances - Budget and Actual (Cash Basis)  
All Governmental Funds and Proprietary Funds  
Year Ended June 30, 2015

	Governmental <u>Funds</u>	Proprietary <u>Funds</u>	<u>Total</u>
Receipts:			
Property tax	\$ 335,846	0	335,846
Other city taxes	98,513	0	98,513
Licenses and permits	1,309	0	1,309
Use of money and property	846	160	1,006
Intergovernmental	181,145	0	181,145
Charges for services	67,510	446,782	514,292
Miscellaneous	18,752	0	18,752
Other financing sources	29,954	0	29,954
 Total Receipts	<u>733,875</u>	<u>446,942</u>	<u>1,180,817</u>
Disbursements:			
Public safety	130,043	0	130,043
Public works	279,645	0	279,645
Culture and recreation	92,375	0	92,375
Community and economic development	39,132	0	39,132
General government	100,791	0	100,791
Debt service	119,601	0	119,601
Capital projects	60,863	0	60,863
Business type activities	0	413,988	413,988
Transfers out	0	0	0
 Total Disbursements	<u>822,450</u>	<u>413,988</u>	<u>1,236,438</u>
 Excess (Deficit) of Receipts over (under) Disbursements	(88,575)	32,954	(55,621)
 Balances at Beginning of Year	316,356	352,140	668,496
 Balances at End of Year	<u>\$ 227,781</u>	<u>385,094</u>	<u>612,875</u>

See independent auditor's report.

**CITY OF REDFIELD**  
 Budgetary Comparison Schedule of Receipts, Disbursements  
 and Changes in Cash Balances - Budget and Actual (Cash Basis)  
 All Governmental Funds and Proprietary Funds  
 Year Ended June 30, 2015

<u>Budgeted Amounts</u>		<u>Variance</u>
<u>Original</u>	<u>Amended</u>	<u>to Final</u>
322,735	322,735	13,111
77,973	106,973	(8,460)
1,955	55,385	(54,076)
780	780	226
128,558	128,558	52,587
519,800	519,800	(5,508)
6,050	11,050	7,702
62,047	103,997	(74,043)
<u>1,119,898</u>	<u>1,249,278</u>	<u>(68,461)</u>
91,380	133,730	3,687
150,890	290,890	11,245
92,162	102,962	10,587
6,560	40,670	1,538
76,350	102,450	1,659
116,576	119,500	(101)
6,500	65,000	4,137
443,635	463,435	49,447
57,047	81,047	81,047
<u>1,041,100</u>	<u>1,399,684</u>	<u>163,246</u>
78,798	(150,406)	94,785
738,275	664,156	4,340
<u>817,073</u>	<u>513,750</u>	<u>99,125</u>

**CITY OF REDFIELD**  
Notes to Other Information – Budgetary Reporting  
June 30, 2015

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based on nine major classes of disbursements, known as functions, not by fund. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$129,380 and increased budgeted disbursements by \$358,584. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, amounts expended exceeded budgeted amounts in the debt service function.

See independent auditor's report.

**CITY OF REDFIELD**

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
Last Fiscal Year\*

Other Information

	<u>2015</u>
City's proportion of the net pension liability	0.0023752%
City's proportionate share of the net pension liability	\$ 94,197
City's covered-employee payroll	\$ 160,144
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.82%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See independent auditor's report.

**CITY OF REDFIELD**  
Schedule of City Contributions

Iowa Public Employees' Retirement System  
For the Years Ended June 30

Other Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 14,301	13,879	12,803	11,699
Contributions in relation to the statutorily required contribution	(14,301)	(13,879)	(12,803)	(11,699)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>
City's covered-employee payroll	\$ 160,144	156,861	192,931	148,322
Contributions as a percentage of covered-employee payroll	8.93%	8.85%	6.64%	7.89%

See independent auditor's report.

**CITY OF REDFIELD**  
Schedule of City Contributions

Iowa Public Employees' Retirement System  
For the Years Ended June 30

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
9,598	9,263	8,362	10,236	10,008	7,818
(9,598)	(9,263)	(8,362)	(10,236)	(10,008)	(7,818)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
142,648	143,040	136,507	161,611	157,267	131,652
6.73%	6.48%	6.13%	6.33%	6.36%	5.94%



**CITY OF REFFIELD**  
Notes to Other Information – Pension Liability  
Year Ended June 30, 2015

Changes of Benefit Terms

Legislation passed in 2010 modified benefit terms for current regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the members' first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

See independent auditor's report.

**CITY OF REDFIELD**  
Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Nonmajor Governmental Funds  
As of and for the Year Ended June 30, 2015

	<u>Special</u>		
	<u>Employee Benefits</u>	<u>Emergency</u>	<u>TIF</u>
Receipts:			
Property tax	\$ 58,270	5,346	0
Use of money and property - interest	0	0	0
Intergovernmental	0	0	0
Miscellaneous	0	0	0
Total Receipts	<u>58,270</u>	<u>5,346</u>	<u>0</u>
Disbursements:			
Operating:			
Public safety	6,683	0	0
Public works	16,376	0	0
Culture and recreation	14,553	0	0
Community and economic development	0	0	4,098
General government	14,291	0	0
Total Disbursements	<u>51,903</u>	<u>0</u>	<u>4,098</u>
Excess (Deficit) of Receipts over (under) Disbursements	6,367	5,346	(4,098)
Other Financing Sources - Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Cash Balances	6,367	5,346	(4,098)
Cash Balances at Beginning of Year	(9,497)	4,506	(3,505)
Cash Balances at End of Year	<u>\$ (3,130)</u>	<u>9,852</u>	<u>(7,603)</u>
Cash Basis Fund Balances:			
Nonspendable - Permanent Fund	\$ 0	0	0
Restricted for:			
Other purposes	0	9,852	0
Unassigned	(3,130)	0	(7,603)
	<u>\$ (3,130)</u>	<u>9,852</u>	<u>(7,603)</u>

See independent auditor's report.

**CITY OF REDFIELD**  
Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances -  
Nonmajor Governmental Funds  
As of and for the Year Ended June 30, 2015

Revenue			
<u>Housing Rehab</u>	<u>FEMA Assistance</u>	<u>Permanent Fund</u>	<u>Total</u>
0	0	0	63,616
0	0	64	64
45,430	0	0	45,430
0	0	3,262	3,262
<u>45,430</u>	<u>0</u>	<u>3,326</u>	<u>112,372</u>
0	0	0	6,683
0	0	0	16,376
0	0	0	14,553
30,604	0	0	34,702
0	0	0	14,291
<u>30,604</u>	<u>0</u>	<u>0</u>	<u>86,605</u>
14,826	0	3,326	25,767
<u>0</u>	<u>0</u>	<u>(5,766)</u>	<u>(5,766)</u>
14,826	0	(2,440)	20,001
(18,000)	5,638	49,151	28,293
<u>(3,174)</u>	<u>5,638</u>	<u>46,711</u>	<u>48,294</u>
0	0	46,711	46,711
0	5,638	0	15,490
<u>(3,174)</u>	<u>0</u>	<u>0</u>	<u>(13,907)</u>
<u>(3,174)</u>	<u>5,638</u>	<u>46,711</u>	<u>48,294</u>

**CITY OF REDFIELD**  
Schedule of Long-Term Debt and Interest  
Year Ended June 30, 2015

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
General Obligation:			
Fire truck	3/15/05	4.16%	\$ 177,000
First State Bank	9/30/11	3.00%	115,000
G.O. Street Improvement and Refunding	9/6/12	.6 - 3.0%	1,085,000
First State Bank	3/9/15	4.50%	29,964
Total G.O. Capital Loan Notes			
Revenue Bonds:			
Water 2010 SRF	12/23/11	3.00%	1,669,940
Landfill Closure and Postclosure Costs		0.00%	103,745
Grand Total			

See independent auditor's report.

**CITY OF REDFIELD**  
Schedule of Long-Term Debt and Interest  
Year Ended June 30, 2015

<u>Outstanding June 30, 2014</u>	<u>Principal</u>		<u>Outstanding June 30, 2015</u>	<u>Interest Paid</u>
	<u>Issued</u>	<u>Redeemed</u>		
\$ 31,410	0	20,724	10,686	\$ 1,093
84,521	0	15,902	68,619	2,557
955,000	0	75,000	880,000	19,085
0	29,964	0	29,964	0
<u>1,070,931</u>	<u>29,964</u>	<u>111,626</u>	<u>989,269</u>	<u>22,735</u>
1,546,000	0	64,000	1,482,000	46,380
<u>37,207</u>	<u>0</u>	<u>3,099</u>	<u>34,108</u>	<u>0</u>
<u><u>\$ 2,654,138</u></u>	<u><u>29,964</u></u>	<u><u>178,725</u></u>	<u><u>2,505,377</u></u>	<u><u>\$ 69,115</u></u>

**CITY OF REDFIELD**

Bond Maturities

June 30, 2015

Year Ending June 30,	<u>Capital Loan Notes</u>		<u>First State Bank</u>		<u>General Obligation Street Improvement and Refunding</u>	
	<u>Issued 3/15/05</u>		<u>Issued 9/30/11</u>		<u>Issued 9/6/12</u>	
	Interest		Interest		Interest	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
2016	4.16%	\$ 10,686	3.00	16,400	0.08	75,000
2017	--	--	3.00	16,892	1.25	75,000
2018	--	--	3.00	17,398	1.25	75,000
2019	--	--	3.00	17,929	1.65	75,000
2020	--	--	--	--	1.65	75,000
2021	--	--	--	--	2.05	85,000
2022	--	--	--	--	2.05	85,000
2023	--	--	--	--	3.00	30,000
2024	--	--	--	--	3.00	30,000
2025	--	--	--	--	3.00	30,000
2026	--	--	--	--	3.00	30,000
2027	--	--	--	--	3.00	35,000
2028	--	--	--	--	3.00	35,000
2029	--	--	--	--	3.00	35,000
2030	--	--	--	--	3.00	35,000
2031	--	--	--	--	3.00	35,000
2032	--	--	--	--	3.00	40,000
		<u>\$ 10,686</u>		<u>68,619</u>		<u>880,000</u>

Year Ending June 30,	<u>South Dallas County Landfill</u>		<u>Water Revenue Bonds SRF</u>	
			<u>Issued 12/23/11</u>	
	Interest		Interest	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
2016	--	\$ 3,099	3.00	67,000
2017	--	3,099	3.00	69,000
2018	--	3,099	3.00	71,000
2019	--	3,099	3.00	73,000
2020	--	3,099	3.00	76,000
2021	--	3,099	3.00	78,000
2022	--	3,099	3.00	81,000
2023	--	3,099	3.00	83,000
2024	--	3,099	3.00	86,000
2025	--	3,099	3.00	89,000
2026	--	3,118	3.00	92,000
2027	--	--	3.00	95,000
2028	--	--	3.00	98,000
2029	--	--	3.00	101,000
2030	--	--	3.00	104,000
2031	--	--	3.00	108,000
2032	--	--	3.00	111,000
		<u>\$ 34,108</u>		<u>1,482,000</u>

See independent auditor's report.

**CITY OF REDFIELD**

Bond Maturities

June 30, 2015

<u>First State Bank</u>		
<u>Issued 3/9/15</u>		<u>Total</u>
Interest		
<u>Rate</u>	<u>Amount</u>	
4.50	7,190	109,276
4.50	7,258	99,150
4.50	7,588	99,986
4.50	7,928	100,857
--	--	75,000
--	--	85,000
--	--	85,000
--	--	30,000
--	--	30,000
--	--	30,000
--	--	30,000
--	--	35,000
--	--	35,000
--	--	35,000
--	--	35,000
--	--	35,000
--	--	40,000
	<u>29,964</u>	<u>989,269</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Members of the City Council  
City of Redfield, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Redfield, Iowa, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 31, 2016. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Redfield's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Redfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Redfield's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be significant deficiencies but none that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the internal control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Redfield's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings to be a significant deficiency.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Redfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City of Redfield's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for four items which continue into the current year as items 15-III-A, 15-III-F, 15-III-H and 15-III-I.

### The City of Redfield's Responses to Findings

The City of Redfield's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The City of Redfield's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Schuring, Uitermarkt,  
Sims, McCleish, Ver Meer, P.C.*

Schuring, Uitermarkt, Sims, McCleish, Ver Meer, P.C.  
Urbandale, Iowa  
March 31, 2016

**CITY OF REDFIELD**  
Schedule of Findings  
Year Ended June 30, 2015

Part I: Summary of Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**CITY OF REDFIELD**  
Schedule of Findings  
Year Ended June 30, 2015

Part II: Findings Related to the Financial Statements

Instances of Non-compliance

No matters were noted.

Significant Deficiency

15-II-A Segregation of Duties

One important aspect of the internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that one employee is involved in cash receipts, bank deposits, cash disbursements, bank reconciliations, utility billing and general ledger accounting.

We realize that with the limited number of employees, improvement of these controls is not economically feasible. However, we believe management of the City should be aware of the situation.

Response: The Council is aware of the situation.

Conclusion: Response accepted.

**CITY OF REDFIELD**  
Schedule of Findings  
Year Ended June 30, 2015

**Part III: Other Findings Related to Statutory Reporting**

**15-III-A Certified Budget**

City expenditures during the year ended June 30, 2015 exceeded amounts budgeted therefore in the debt service function. Chapter 384 of the Code of Iowa prohibits such budget overruns. City officials should carefully monitor expenditures and prepare budget amendments when necessary.

Response: We will carefully monitor expenditures to avoid budget overruns.

Conclusion: Response accepted.

**15-III-B Questionable Disbursements**

We noted no expenditures for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

**15-III-C Travel Expense**

No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.

**15-III-D Business Transactions**

During the year ended June 30, 2015, there were no business transactions between the City and City officials.

**15-III-E Bond Coverage**

Surety bond coverage of City officials and employees is in accordance with statutory provisions.

**15-III-F Council Minutes**

No transactions were found that we believe should have been approved in the Council minutes but were not.

We did note occasions when the Council minutes were not published within fifteen days of the Council meeting in accordance with Chapter 372.13(6) of the Code of Iowa. In addition, the published minutes did not include the summary of receipts. The City should publish the Council minutes and required information within fifteen days of the Council meeting.

Response: We will attempt to publish the Council minutes within fifteen days of the meeting and include all necessary items.

Conclusion: Response accepted.

**15-III-G Water Revenue Bonds**

The provisions of the resolutions for the issuance of the revenue bonds relating to the funding of the sinking funds were followed.

**CITY OF REDFIELD**  
Schedule of Findings  
Year Ended June 30, 2015

**15-III-H Deposits and Investments**

The City has adopted an appropriate resolution regarding the deposit of public funds in an approved financial institution. During the year ended June 30, 2015, the maximum deposit amount specified in the resolution was exceeded. We noted no other instances of non-compliance with the deposit and investments provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

Response: During the fiscal year, the City prepared and passed a new depository resolution which increased the maximum allowed deposits to the current required level.

Conclusion: Response accepted.

**15-III-I Deficit Fund Balances**

The Employee Benefits Fund had a deficit fund balance of \$3,130 at June 30, 2015. This deficit is to be eliminated through future property tax collections. The TIF Fund had a deficit fund balance of \$7,603 at June 30, 2015. This deficit is to be eliminated through future TIF collections. The Housing Rehab Fund had a deficit fund balance of \$3,174 at June 30, 2015. This deficit is to be eliminated through future grant receipts. The Capital Projects Fund had a deficit fund balance of \$127,848 at June 30, 2015. This deficit is to be eliminated through future transfers to the Capital Projects Fund. The Debt Service Fund had a deficit fund balance of \$8,019 at June 30, 2015. This deficit is to be eliminated through future property tax collections. The City should carefully monitor these funds to be sure the deficits are eliminated.

Response: We will monitor the deficits to be certain they are eliminated.

Conclusion: Response accepted.